

105TH CONGRESS  
1ST SESSION

# S. 441

To improve health care quality and reduce health care costs by establishing a National Fund for Health Research that would significantly expand the nation's investment in medical research.

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## IN THE SENATE OF THE UNITED STATES

MARCH 13, 1997

Mr. HARKIN (for himself and Mr. SPECTER) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To improve health care quality and reduce health care costs by establishing a National Fund for Health Research that would significantly expand the nation's investment in medical research.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “National Fund for  
5       Health Research Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

1           (1) Nearly 4 of 5 peer reviewed research  
2 projects deemed worthy of funding by the National  
3 Institutes of Health are not funded.

4           (2) Less than 3 percent of the nearly one tril-  
5 lion dollars our Nation spends on health care is de-  
6 voted to health research, while the defense industry  
7 spends 15 percent of its budget on research and de-  
8 velopment.

9           (3) Public opinion surveys have shown that  
10 Americans want more Federal resources put into  
11 health research and are willing to pay for it.

12           (4) Ample evidence exists to demonstrate that  
13 health research has improved the quality of health  
14 care in the United States. Advances such as the de-  
15 velopment of vaccines, the cure of many childhood  
16 cancers, drugs that effectively treat a host of dis-  
17 eases and disorders, a process to protect our Na-  
18 tion's blood supply from the HIV virus, progress  
19 against cardiovascular disease including heart attack  
20 and stroke, and new strategies for the early detec-  
21 tion and treatment of diseases such as colon, breast,  
22 and prostate cancer clearly demonstrates the bene-  
23 fits of health research.

24           (5) Health research which holds the promise of  
25 prevention of intentional and unintentional injury

1 and cure and prevention of disease and disability, is  
2 critical to holding down health care costs in the long  
3 term.

4 (6) Expanded medical research is also critical  
5 to holding down the long-term costs of the medicare  
6 program under title XVIII of the Social Security  
7 Act. For example, recent research has demonstrated  
8 that delaying the onset of debilitating and costly  
9 conditions like Alzheimer's disease could reduce gen-  
10 eral health care and medicare costs by billions of  
11 dollars annually.

12 (7) The state of our Nation's research facilities  
13 at the National Institutes of Health and at univer-  
14 sities is deteriorating significantly. Renovation and  
15 repair of these facilities are badly needed to main-  
16 tain and improve the quality of research.

17 (8) Because discretionary spending is likely to  
18 decline in real terms over the next 5 years, the Na-  
19 tion's investment in health research through the Na-  
20 tional Institutes of Health is likely to decline in real  
21 terms unless corrective legislative action is taken.

22 (9) A health research fund is needed to main-  
23 tain our Nation's commitment to health research  
24 and to increase the percentage of approved projects

1       which receive funding at the National Institutes of  
2       Health.

3               (10) Americans purchase health insurance and  
4       participate in the medicare program to protect them-  
5       selves and their families against the high cost of ill-  
6       ness and disability. Because of this, it makes sense  
7       to devote 1 cent of every health insurance dollar to  
8       finding preventions, cures, and improved treatments  
9       for illnesses and disabilities through medical re-  
10      search.

11   **SEC. 3. ESTABLISHMENT OF FUND.**

12       (a) ESTABLISHMENT.—There is established in the  
13   Treasury of the United States a fund, to be known as the  
14   “National Fund for Health Research” (hereafter in this  
15   section referred to as the “Fund”), consisting of such  
16   amounts as are transferred to the Fund under subsection  
17   (b) and any interest earned on investment of amounts in  
18   the Fund.

19       (b) TRANSFERS TO FUND.—

20               (1) IN GENERAL.—The Secretary of the Treas-  
21   ury shall transfer to the Fund amounts equivalent to  
22   amounts designated under paragraph (2) and re-  
23   ceived in the Treasury.

24               (2) AMOUNTS.—

1 HEALTH PLAN SET ASIDE.—With respect  
2 to each calendar year beginning with the first  
3 full calendar year after the date of enactment  
4 of this Act, each health plan shall set aside and  
5 transfer to the Treasury of the United States  
6 an amount equal to—

7 (i) for the first full calendar year, .25  
8 percent of all health premiums received  
9 with respect to the plan for such year;

10 (ii) for the second full calendar year,  
11 .5 percent of all health premiums received  
12 with respect to the plan for such year;

13 (iii) for the third full calendar year,  
14 .75 percent of all health premiums received  
15 with respect to the plan for such year; and

16 (iv) for the fourth and each succeed-  
17 ing full calendar year, 1 percent of all  
18 health premiums received with respect to  
19 the plan for such year.

20 (3) TRANSFERS BASED ON ESTIMATES.—The  
21 amounts transferred by paragraph (1) shall annually  
22 be transferred to the Fund within 30 days after the  
23 President signs an appropriations Act for the De-  
24 partments of Labor, Health and Human Services,  
25 and Education, and related agencies, or by the end

1 of the first quarter of the fiscal year. Proper adjust-  
 2 ment shall be made in amounts subsequently trans-  
 3 ferred to the extent prior estimates were in excess  
 4 of or less than the amounts required to be trans-  
 5 ferred.

6 (4) DEFINITION.—As used in this subsection,  
 7 the term “health plan” means a group health plan  
 8 (as defined in section 2791(a) of the Public Health  
 9 Service Act (as added by the Health Insurance Port-  
 10 ability and Accountability Act of 1996)) and any in-  
 11 dividual health insurance (as defined in section  
 12 2791(b)(5)) operated by a health insurance issuer.

13 (c) OBLIGATIONS FROM FUND.—

14 (1) IN GENERAL.—Subject to the provisions of  
 15 paragraph (4), with respect to the amounts made  
 16 available in the Fund in a fiscal year, the Secretary  
 17 of Health and Human Services shall distribute—

18 (A) 2 percent of such amounts during any  
 19 fiscal year to the Office of the Director of the  
 20 National Institutes of Health to be allocated at  
 21 the Director’s discretion for the following activi-  
 22 ties:

23 (i) for carrying out the responsibilities  
 24 of the Office of the Director, including the  
 25 Office of Research on Women’s Health and

1 the Office of Research on Minority Health,  
2 the Office of Alternative Medicine, the Of-  
3 fice of Rare Disease Research, the Office  
4 of Behavioral and Social Sciences Research  
5 (for use for efforts to reduce tobacco use),  
6 the Office of Dietary Supplements, and the  
7 Office for Disease Prevention; and

8 (ii) for construction and acquisition of  
9 equipment for or facilities of or used by  
10 the National Institutes of Health;

11 (B) 2 percent of such amounts for transfer  
12 to the National Center for Research Resources  
13 to carry out section 1502 of the National Insti-  
14 tutes of Health Revitalization Act of 1993 con-  
15 cerning Biomedical and Behavioral Research  
16 Facilities;

17 (C) 1 percent of such amounts during any  
18 fiscal year for carrying out section 301 and  
19 part D of title IV of the Public Health Service  
20 Act with respect to health information commu-  
21 nications; and

22 (D) the remainder of such amounts during  
23 any fiscal year to member institutes and cen-  
24 ters, including the Office of AIDS Research, of  
25 the National Institutes of Health in the same

1 proportion to the total amount received under  
2 this section, as the amount of annual appro-  
3 priations under appropriations Acts for each  
4 member institute and Centers for the fiscal year  
5 bears to the total amount of appropriations  
6 under appropriations Acts for all member insti-  
7 tutes and Centers of the National Institutes of  
8 Health for the fiscal year.

9 (2) PLANS OF ALLOCATION.—The amounts  
10 transferred under paragraph (1)(D) shall be allo-  
11 cated by the Director of the National Institutes of  
12 Health or the various directors of the institutes and  
13 centers, as the case may be, pursuant to allocation  
14 plans developed by the various advisory councils to  
15 such directors, after consultation with such direc-  
16 tors.

17 (3) GRANTS AND CONTRACTS FULLY FUNDED  
18 IN FIRST YEAR.—With respect to any grant or con-  
19 tract funded by amounts distributed under para-  
20 graph (1), the full amount of the total obligation of  
21 such grant or contract shall be funded in the first  
22 year of such grant or contract, and shall remain  
23 available until expended.

24 (4) TRIGGER AND RELEASE OF MONIES AND  
25 PHASE-IN.—



(A) TRIGGER AND RELEASE.—No expenditure shall be made under paragraph (1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.

(B) PHASE-IN.—The Secretary of Health and Human Services shall phase-in the distributions required under paragraph (1) so that—

(i) 25 percent of the amount in the Fund is distributed in the first fiscal year for which funds are available;

(ii) 50 percent of the amount in the Fund is distributed in the second fiscal year for which funds are available;

(iii) 75 percent of the amount in the Fund is distributed in the third fiscal year for which funds are available; and

(iv) 100 percent of the amount in the Fund is distributed in the fourth and each succeeding fiscal year for which funds are available.

(d) BUDGET TREATMENT OF AMOUNTS IN FUND.—

The amounts in the Fund shall be excluded from, and shall not be taken into account, for purposes of any budget

- 1 enforcement procedure under the Congressional Budget
- 2 Act of 1974 or the Balanced Budget and Emergency Defi-
- 3 cit Control Act of 1985.

